

TENASKA® WASHINGTON PARTNERS, L.P.

July 24, 2012

Washington Department of Commerce
Attn: Greg Nothstein
1011 Plum Street SE
P.O. Box 42525
Olympia, WA 98504-2525

RE: Comments on Washington State Greenhouse Gas Emission Performance Standard

Dear Mr. Nothstein,

Tenaska Washington Partners, L.P. (TWP) owns and operates the Ferndale electric cogeneration station in Ferndale, Washington. This plant has been providing clean, natural gas fired power to Puget Sound Energy in the state of Washington since 1994. In addition to employing 22 people in the Whatcom County area, TWP pays significant property and income taxes, and provides support to the community in the form of scholarships support and donations. The plant is an award winning plant in the area of safety, and has won awards from OSHA including the VPP Star award. We are an important part of the Ferndale community.

TWP would like to notify the Washington Department of Commerce (Commerce) that we are directly affected by the potential revised Greenhouse Gas Emissions Performance Standard (EPS) that is being discussed by your department. We did not receive formal notification from Commerce before it commenced development of the new standard, and there has subsequently been no opportunity for discussion of the real impact on the existing generation fleet of any revision in the EPS. We believe that this exclusion of affected stakeholders from the stakeholder process has fundamentally flawed the results to date as they do not reflect the perspective of parties that are significantly impacted by revisions to the EPS. Therefore, we request that the process be re-initiated with all of the stakeholders brought to the table to begin the discussion from the outset.

TWP is concerned that Commerce has engaged in a flawed process that is contrary to the clear legislative mandate and that could have been avoided if all affected parties had been included. The law expressly requires that Commerce "shall provide an opportunity for interested parties to comment on the development of a survey of new combined-cycle natural gas thermal electric generation turbines commercially available and offered for sale by manufacturers and purchased in the United States to determine the average rate of emissions of greenhouse gases for these turbines." By not including all stakeholders at the outset of the survey process, Commerce has failed to provide an opportunity to comment on the development of the survey, as opposed to sharing the results after the fact. Without everyone at the table, the process anticipated by the Legislature has not been followed.

TWP is concerned that the pathway that Commerce is following will severely impact grid reliability and contribute to job destruction in the State of Washington without associated environmental improvements, an outcome that was never intended by the Legislature when the underlying statute was adopted. Engrossed Substitute Senate Bill 6001 was intended to preclude utilities from entering into long term contracts for coal-fired power (due to emission concerns), while still assuring efficient, reliable and affordable power supplies were available for utilities and consumers in the state. The critical role of

natural gas fired turbines was recognized and viewed as critical to moving the State away from higher emitting fossil fuel-fired options. If the current EPS is unreasonably lowered, the negative financial effect would be very significant to utilities and consumers because of the reduction of system flexibility and an increase of prices to consumers. In-state IPPs may be forced out of business. This will have an adverse affect on electric grid reliability, consumer prices, and the overall economic climate in the State. This runs contrary to the goal stated in the law to "ensure an adequate, reliable, and cost-effective supply of electricity." TWP is greatly concerned that by excluding it from meaningful participation from the commencement of the discussions, Commerce has failed to recognize the role of independent power producers as well as their role in operating combined cycle combustion turbine plants that serve baseload power needs in Washington.

TWP requests that Commerce ensure that it has notified all stakeholders in the State who may be impacted by this rule, and schedule substantive discussions in face-to-face meetings open to all stakeholders on any changes that are proposed. Coordinating the perspective of all of the stakeholders, which includes every generating facility serving load in the State, is key to assuring that the State achieves its goals of emission reductions for new development, while taking into account the utility and consumer interests in reliability and lower costs. We understand that a meeting is scheduled for August 6, 2012 to continue the previous, flawed stakeholder process. We request that Commerce postpone this meeting until it has ensured that all of the power producers serving load in the State have been brought up to speed on the discussions to date and that all are offered a meaningful opportunity to participate in the stakeholder process. Any other course of action would be contrary to the statute.

TWP appreciates the opportunity to provide comments, and looks forward to additional discussions on this matter.

Thank you.

TENASKA WASHINGTON PARTNERS, L.P.

By: Tenaska Washington I, L.P., Its Managing General Partner

By: Tenaska Washington, Inc., Its Managing General Partner

By: 

Michael C. Meyer
Vice President, Asset Management